



PEOPLE OR PROFIT?

UK AID AND QUALITY PUBLIC SERVICES

A full version of this report is available at unison.org.uk/international

“While privatisation’s proponents insist that it saves money, enhances efficiency, and improves services, the real-world evidence very often challenges or contradicts these claims”

**Philip Alston, UN
Special Rapporteur on
extreme poverty and
human rights**

Quality public services provide the best means of reducing poverty and inequality around the world. They help build fairer, more peaceful and democratic societies, and are far more efficient, effective and sustainable than the private sector alternative. Yet, despite the fundamental role public services should play in international development, the UK government is aggressively pushing privatisation in some of the poorest countries in the world.

When the Department for International Development (DFID) was established in 1997 its emphasis was on working in partnership with other countries to reduce poverty. In the last decade, that focus has changed. Now, rather than supporting elected governments to deliver quality public services, development funding is increasingly channelled through various government departments to the private sector, including UK corporations and contractors, to promote or support privatisation.

The government argues that privatisation drives innovation, competition and efficiency, but decades of experience, since neoliberal policies were first tested by right wing governments in the 1980s, demonstrates there is no evidence to back up these claims. On the other hand, there

is significant evidence to demonstrate that when the delivery of public services is motivated primarily by profit, public safety, accountability and service quality are deprioritised. Instead of producing efficiencies, costs increase, often dramatically, adding to debts and forcing governments to divert funding from other public services.

This has been demonstrated in the UK, particularly with Public Private Partnerships (PPPs). But these high risk, expensive, inflexible, long-term contracts continue to be mis-sold to some of the poorest countries in the world. It reflects a development agenda that aid should be invested in the UK’s national interest and bring ‘mutual prosperity’ to developing countries, the UK and undoubtedly the corporations that make vast profits from these unethical deals.

This summary paper highlights how the UK government is promoting the privatisation of health, education, water and sanitation and energy to some of the poorest countries in the world. It includes several recommendations to the UK government and calls on it to reverse this damaging practice, which will only exacerbate inequality. Finally it highlights how you can support the fight to protect quality public services at home and internationally.



Privatising health

“No society can legitimately call itself civilized if a sick person is denied medical aid because of lack of means.”

Aneurin Bevan

“In other countries this would be called looting; here it is called the PPP.”

Boris Johnson, 2010

Quality, free public healthcare is the best way to achieve the human right to health and ensure that healthcare is available when people need it, not when they can afford it. Despite this, DFID and other UK government departments are increasingly using the development budget to promote and support the commodification of healthcare internationally.

Research shows that when healthcare is privatised, providers often focus on more profitable urban areas rather than universal coverage. Healthcare is often overpriced and operators unreliable. Insufficient monitoring, regulation and controls lead to poor service provision, and even the detention of patients when healthcare bills are not paid.

The government promotes the UK as a world leader in healthcare PPPs, and widely supports this failed model of healthcare provision around the world. PPP contracts generally last upwards of 25 years, can cost several times more than a government-built facility and most of the financial risk remains with the government. They do however provide an extremely profitable, long-term, low risk investment opportunity for multinational healthcare companies and other investors, and provide lucrative contracts for associated accountancy and legal work.

How is the UK government supporting the privatisation of healthcare?

- Funding multilateral agencies like the International Finance Corporation, World Bank and regional development banks to support the building of private healthcare facilities, PPPs and the expansion of multinational healthcare companies;
- Investing in private, fee paying hospitals, predominantly in India, through the CDC Group, DFID's private sector investment arm;
- Channelling aid through private contractors to facilitate PPPs;
- Subsidising PPPs to reduce any risks for private investors;
- Funding programmes which develop other forms of privatisation, such as franchising for maternal healthcare.



Privatising education

Quality, free, publicly provided education is the most effective way to improve educational standards and reduce inequality. It ensures the best educational outcomes, that education is democratic, accountable and that teachers and school staff are well trained and supported. The right to education, including free primary school education, is enshrined in international human rights law. Despite this, the privatisation of education has been increasing in the global south in recent decades, with the UK government playing a leading role.

The privatisation of education can mean a variety of things, including the development of PPPs, private sources of funding, charging fees and outsourcing services to private actors, as well as the unregulated expansion of private sector provision of education if students have no other choice of school.

In recent years the UK government has been particularly keen to support 'low fee private schools', which charge parents a regular weekly or daily fee, and claim to be affordable to the communities where they are located. However, studies have shown that the poorest households may have to spend up to 40 per cent of their income on school fees for one child. Low fee private schools are able to reduce their costs by

replacing teachers with underqualified 'learning facilitators' who are employed to read a scripted lesson from an electronic tablet. The UK government has been widely criticised for its support for low fee private schools, including by the UN Committee on the Rights of the Child.

How is the UK government supporting the privatisation of education?

- Funding multilateral agencies like to World Bank to support educational reform, leading to the privatisation of education;
- Investing in companies to establish low fee private schools, including through the CDC Group;
- Supporting PPPs in education;
- Channelling funding through private consultancies to help facilitate PPPs and other forms of privatisation in education.



Water and sanitation

The right to safe water and sanitation is enshrined in international human rights law and is considered so important that it is essential for all other rights to be enjoyed. It is the responsibility of governments to ensure that water and sanitation services should be accessible, available, affordable, of safe quality and culturally acceptable.

Unfortunately, when water and sanitation services are privatised it is far more difficult for governments to comply with these obligations, as the focus of the private companies is on returning a profit for investors, not fulfilling human rights obligations. Regulations and monitoring are often weak, leading to the poorest being cut off from unaffordable water and sanitation services and further undermining their rights.

Decades of evidence show that when water and sanitation services are privatised, tariffs increase, whilst performance, standards, access, availability and workers' terms and conditions reduce.

Quality public water and sanitation services, funded through public investment, on the other hand, provide by far the most efficient and effective way of ensuring the human rights to water

and sanitation can be enjoyed by all, and governments are far more able to respond to environmental crises.

Despite this the UK government is using the aid budget to promote privatisation, in particular PPPs, as a response to decades of under investment in water and sanitation.

How is the UK government supporting the privatisation of water and sanitation?

- Funding the Private Infrastructure Development Group (PIDG) to invest in and support water and sanitation PPPs in Africa and Asia;
- Investing in private water and sanitation companies through the CDC Group;
- Developing investment opportunities in water and sanitation PPPs, through its Climate Resilient Infrastructure Development Facility (CRIDF).



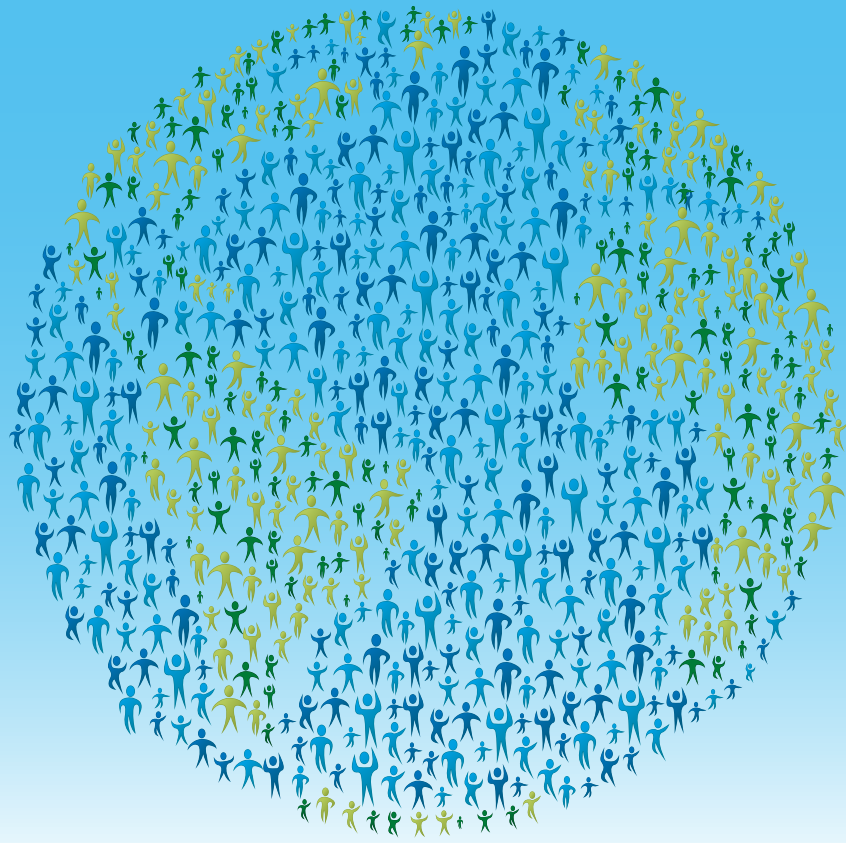
Energy and climate change

The climate crisis is one of the greatest threats to humanity. It is already a reality for many parts of the world, particularly coastal communities. Tackling climate change requires a 'just transition' to a low carbon economy, which ensures that workers and communities are not disadvantaged. The best way of achieving this is by developing quality, public renewable energy production and delivery, which could reduce energy poverty and create millions of decent jobs.

Although the UK government has had made public commitments to tackle climate change, it continues to use the aid budget to invest in fossil fuels. Where investments are made in green energy, the focus is on privatisation, including lengthy, inflexible PPP contracts, which exacerbate energy poverty through expensive tariffs.

How is the UK government supporting the fossil fuel industry and the privatisation of energy?

- Investing in fossil fuel energy production through the DFID funded Private Infrastructure Development Group (PIDG) and the CDC Group;
- Encouraging the Climate Investment Funds to invest more in private rather than public energy providers;
- Encouraging investment in fossil fuel energy production, including through events like the UK-Africa Investment Summit (London, January 2020);
- Funding major private consultancies to support the privatisation and regulatory reform of energy provision in low income countries.



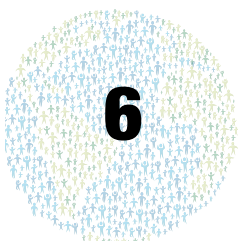
Conclusion and recommendations

If the UK government is genuine about reducing poverty and inequality around the world, it should invest in quality public services instead of promoting privatisation. Privatised public services that are motivated by profit ultimately serve the few, not the many. They result in a lack of accountability, poorer services, escalating costs and poorer terms and conditions for workers. They inevitably undermine human rights and increase inequality.

The only democratic, affordable, accountable solution to reducing poverty and inequality and to maintain decent working standards is to create and sustain quality public services. It is also the best approach to effectively counter the damaging and inevitable impacts of climate change.

The government should:

- Ensure that the development and protection of quality public services is a cross cutting theme throughout all of DFID's work and prioritised in its aid spending;
- End its support for all forms of privatisation of public services, including through the CDC Group and Healthcare UK;
- Create a DFID Centre for Quality Public Services, which promotes the development of quality public services in the global south;
- Stop the promotion of PPPs for economic and social infrastructure financing and publicly acknowledge the financial, environmental and social risks that PPPs involve;
- Support public-public partnerships (PUPs) to enable collaboration and the sharing of best practice;
- Recognise the role of trade unions in achieving the Sustainable Development Goals, particularly the importance of decent work in poverty alleviation and gender equality.



Write to your MP to demand quality public services for all at unsn.uk/aidisnotforprofit